

Interim condensed consolidated financial information and review report

**Arzan Financial Group for Financing and Investment – KPSC
and its Subsidiaries**

Kuwait

31 March 2016 (Unaudited)

Contents

	Page
Review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5 and 6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial information	8 to 25



Auditors & Consultants

Souq Al Kabeer Building, Block A, 9th Floor
P.O.Box 2986, Safat 13030, Kuwait
Tel: (965)2244 3900-9
Fax: (965) 2243 8451
E-mail: gt@kw.gt.com
www.grantthornton.com.kw

Ali Al Hassawi & Partners

P.O. Box: 22351 Safat 13084 Kuwait
Sharq – Dasman Complex – Block 2 – 9 Floor
22464574-6 /22426862-3 Fax: Tel 22414956
Email: info-kuwait@rodlme.com

Report on review of interim condensed consolidated financial information

To the board of directors of
Arzan Financial Group for Financing and Investment - KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arzan Financial Group for Financing and Investment - KPSC (a Kuwaiti Public Shareholding Company) (the “parent company”) and its subsidiaries (together the “group”) as at 31 March 2016 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016 and the executive regulations of Law No. 25 of 2012 or of the Articles of Association and Memorandum of Incorporation of the parent company, as amended, have occurred during the three-month period ended 31 March 2016 that might have had a material effect on the business or financial position of the parent company, except for the matter discussed in note (1) to the interim condensed consolidated financial information with respect to the separation of the powers of the chief executive officer and the chairman.

We also report that during our review and to the best of our knowledge and belief, nothing has come to our attention that indicates any material violations to Law No. (7) of 2010 relating to the Capital Markets Authority and the instructions thereto, during the three-month period ended 31 March 2016.

We further report that, during the course of our review, we have not become aware of any material violations during the three-month period ended 31 March 2016 of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Ali A. Al-Hasawi
(Licence No. 30-A)
of Rödl Middle East
Burgan – International Accountants

Kuwait
1 May 2016

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2016 (Unaudited)	Three months ended 31 March 2015 (Unaudited)
		KD	KD
Revenue			
Income from instalment credit debtors		545,819	1,001,884
Rental income		79,168	44,987
Interest income		108,816	67,712
(Loss)/profit on sale of investments at fair value through profit or loss		(38,548)	14,267
Change in fair value of investments at fair value through profit or loss		(454,470)	(24,322)
(Loss)/profit on sale of available for sale investments		(813)	10,999
Share of results of associates	10	763,008	379,802
Dividend income		1,021,865	1,200,176
Brokerage income		94,263	153,191
Advisory fees		590,246	493,386
Loss on foreign currency exchange		(92,465)	(32,727)
Other income		136,432	94,000
		2,753,321	3,403,355
Expenses and other charges			
Staff costs		(727,041)	(677,621)
General and administrative expenses		(461,160)	(742,036)
Finance costs		(245,957)	(229,298)
Provision for instalment credit debtors		(48,337)	(43,145)
Depreciation		(74,193)	(66,783)
		(1,556,688)	(1,758,883)
Profit for the period before provisions for contribution to KFAS, National Labour Support Tax and Zakat			
		1,196,633	1,644,472
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		-	(13,814)
Provision for National Labour Support Tax (NLST)		(26,140)	(35,194)
Provision for Zakat		(1,277)	(6,276)
Profit for the period		1,169,216	1,589,188
Attributable to:			
Shareholders of the parent company		631,806	1,551,456
Non-controlling interests		537,410	37,732
Profit for the period		1,169,216	1,589,188
Basic and diluted earnings per share attributable to the shareholders of the parent company (Fils)			
	5	0.793	1.947

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
Profit for the period	1,169,216	1,589,188
Other comprehensive (loss)/income:		
<i>Items that will be reclassified subsequently to consolidated statement of profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(334,393)	(518,717)
Available for sale investments:		
- Net change in fair value arising during the period	(1,527,462)	441,168
Total other comprehensive loss for the period	(1,861,855)	(77,549)
Total comprehensive (loss)/income for the period	(692,639)	1,511,639
Attributable to:		
Shareholders of the parent company	(962,765)	1,968,563
Non-controlling interests	270,126	(456,924)
	(692,639)	1,511,639

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Assets				
Cash and cash equivalents	6	7,443,721	7,307,640	6,480,154
Instalment credit debtors	7	12,930,376	13,494,741	16,239,016
Investments at fair value through profit or loss	8	6,164,647	6,720,274	7,490,849
Accounts receivable and other assets		4,860,505	6,780,171	4,168,148
Due from related parties	18	741,882	676,801	863,562
Properties held for trading		1,313,947	1,313,947	1,503,625
Available for sale investments	9	94,072,668	91,573,129	89,929,483
Investment in associates	10	50,739,380	50,604,203	49,997,739
Investment in real estate under development		4,108,650	4,108,650	4,765,920
Investment properties		1,817,821	1,832,060	1,876,357
Property and equipment		3,404,991	3,396,711	3,308,268
Total assets		187,598,588	187,808,327	186,623,121
Liabilities and equity				
Liabilities				
Due to banks	11	2,936,541	1,661,901	3,593,453
Accounts payable and other liabilities		7,445,608	7,814,601	7,617,811
Due to related parties	18	209,331	295,257	378,571
Term loans	12	13,360,000	12,770,000	11,150,000
Murabaha payable	13	9,899,135	10,823,538	5,200,000
Provision for employees' end of service benefits		802,596	805,014	741,255
Total liabilities		34,653,211	34,170,311	28,681,090
Equity				
Share capital		80,288,257	80,288,257	80,288,257
Share premium		27,142,826	27,142,826	27,142,826
Treasury shares	14	(559,233)	(559,233)	(557,080)
Legal reserve		375,497	375,497	375,497
Voluntary reserve		375,497	375,497	375,497
Foreign currency translation reserve		(249,593)	(182,484)	(11,344)
Fair value reserve		4,025,208	5,552,670	2,625,356
(Accumulated losses)/retained earnings		(3,435,086)	(4,090,547)	4,475,155
Total equity attributable to the shareholders of the parent company		107,963,373	108,902,483	114,714,164
Non-controlling interests		44,982,004	44,735,533	43,227,867
Total equity		152,945,377	153,638,016	157,942,031
Total liabilities and equity		187,598,588	187,808,327	186,623,121



Jassem Hasan Zainal
Chairman and Chief Executive Officer

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

Equity attributable to the shareholders of the parent company

	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Accumulated losses KD	Sub-Total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2016 (audited)	80,288,257	27,142,826	(559,233)	375,497	375,497	(182,484)	5,552,670	(4,090,547)	108,902,483	44,735,533	153,638,016
Effect of change in ownership percentage of a subsidiary (note 21)	-	-	-	-	-	-	-	23,655	23,655	(23,655)	-
Transactions with shareholders	-	-	-	-	-	-	-	23,655	23,655	(23,655)	-
Profit for the period	-	-	-	-	-	-	-	631,806	631,806	537,410	1,169,216
Other comprehensive loss:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(67,109)	-	-	(67,109)	(267,284)	(334,393)
Available for sale investments:											
- Net change in fair value arising during the period	-	-	-	-	-	-	(1,527,462)	-	(1,527,462)	-	(1,527,462)
Total other comprehensive loss for the period	-	-	-	-	-	(67,109)	(1,527,462)	-	(1,594,571)	(267,284)	(1,861,855)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(67,109)	(1,527,462)	631,806	(962,765)	270,126	(692,639)
Balance at 31 March 2016 (unaudited)	80,288,257	27,142,826	(559,233)	375,497	375,497	(249,593)	4,025,208	(3,435,086)	107,963,373	44,982,004	152,945,377

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

Equity attributable to the shareholders of the parent company

	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub-Total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2015 (audited)	80,288,257	27,142,826	(557,080)	375,497	375,497	12,717	2,184,188	2,923,699	112,745,601	43,149,864	155,895,465
Disposal of partial interests in subsidiaries	-	-	-	-	-	-	-	-	-	534,927	534,927
Transactions with shareholders	-	-	-	-	-	-	-	-	-	534,927	534,927
Profit for the period	-	-	-	-	-	-	-	1,551,456	1,551,456	37,732	1,589,188
Other comprehensive (loss)/income:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(24,061)	-	-	(24,061)	(494,656)	(518,717)
Available for sale investments:											
- Net change in fair value arising during the period	-	-	-	-	-	-	441,168	-	441,168	-	441,168
Total other comprehensive (loss)/income for the period	-	-	-	-	-	(24,061)	441,168	-	417,107	(494,656)	(77,549)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(24,061)	441,168	1,551,456	1,968,563	(456,924)	1,511,639
Balance at 31 March 2015 (unaudited)	80,288,257	27,142,826	(557,080)	375,497	375,497	(11,344)	2,625,356	4,475,155	114,714,164	43,227,867	157,942,031

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		1,169,216	1,589,188
Adjustments:			
Interest income		(108,816)	(67,712)
Dividend income		(1,021,865)	(1,200,176)
Loss/(profit) on sale of available for sale investments		813	(10,999)
Share of results of associates		(763,008)	(379,802)
Provision for instalment credit debtors		48,337	43,145
Finance costs		245,957	229,298
Depreciation		74,193	66,783
Provision for employees' end of service benefits		71,235	59,598
		(283,938)	329,323
Changes in operating assets and liabilities:			
Instalment credit debtors		516,028	(1,732,263)
Investments at fair value through profit or loss		555,627	(1,850,096)
Accounts receivable and other assets		1,919,666	(133,433)
Due from / to related parties		(151,007)	92,485
Accounts payable and other liabilities		(368,993)	497,911
Employees' end of service benefits paid		(73,653)	(39,775)
Net cash from/(used in) operating activities		2,113,730	(2,835,848)
INVESTING ACTIVITIES			
Purchase of property and equipment		-	(204,576)
Purchase of available for sale investments		(5,177,020)	(15,263,140)
Proceeds from sale of available for sale investments		1,149,206	12,830,299
Dividend income received		1,021,865	1,200,176
Dividend from associate		452,586	386,405
Interest income received		108,816	67,712
Net cash used in investing activities		(2,444,547)	(983,124)
FINANCING ACTIVITIES			
Net change in due to banks		1,274,640	910,205
Net movement in term loans		590,000	(510,000)
Repayment of murabaha payable		(924,403)	-
(Payments)/proceeds from acquisition/disposal of partial interests in subsidiaries		(188,734)	534,927
Finance costs paid		(245,957)	(229,298)
Net cash from financing activities		505,546	705,834
Net increase/(decrease) in cash and cash equivalents		174,729	(3,113,138)
Foreign currency adjustment		(38,648)	26,647
Cash and cash equivalents at beginning of the period		7,307,640	9,566,645
Cash and cash equivalents at end of the period	6	7,443,721	6,480,154
Non-cash transaction:			
Investment in real estate under development		-	4,765,920
Accounts receivable and other assets		-	(2,165,920)
Investment in associates		-	(2,600,000)

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Arzan Financial Group for Financing and Investment – KPSC (the “parent company”) was incorporated in Kuwait on 15 April 1980 in accordance with the Companies Law under the name of International Transport Equipment Company – KSC (Closed). On 14 December 1996 an extraordinary general assembly resolved to change the name of the parent company to International Murabaha Company – KSC (Closed). Later, on 24 April 2002 an extraordinary general assembly resolved to change the name of the parent company to International Finance Company – KPSC and to expand its permitted activities.

The extraordinary general assembly held on 24 July 2013 approved to change the name of the parent company from International Finance Company – KSCC to Arzan Financial Group for Financing and Investment – KPSC which has been registered in the commercial register under No. 29629 on 11 November 2013.

The parent company is listed on the Kuwait Stock Exchange and is governed under the directives of Central Bank of Kuwait and Capital Markets Authority.

The group comprises the parent company and its subsidiaries (together referred as “the group”).

The extraordinary general assembly held on 26 June 2015 approved the amendment of the parent company’s objectives to become as follows:

- Invest in various economic sectors through the incorporation or participation in the incorporation of various companies or institutions practicing similar or complementary activities to the company’s objectives for its account and for the account of third parties inside or outside the State of Kuwait.
- Manage local or foreign various companies and institutions and market the investment services and products owned by them or by third parties inside or outside the State of Kuwait.
- Own and acquire the right of disposal of whatever it deems necessary thereto of movable and immovable property or any parts thereof or any franchising rights the company deems they are necessary or appropriate to the nature of its activity or to the development of its funds, excluding trading in goods for its account.
- Conduct all business related to securities trading for its account and for the account of third parties inside or outside the State of Kuwait, including sale, purchase and marketing of securities of shares and sukuks and other securities issued by local and foreign government and private companies, institutions and bodies and practice the related financial mediation and brokerage activities.
- Manage the funds of individuals and local or foreign public and private companies, institutions and bodies and invest these funds in various economic sectors through investment and real estate portfolios inside or outside the State of Kuwait.
- Provide economic advice related to investment and hold courses, issue brochures of various investment activities for individuals, local and foreign companies and institutions.
- Prepare and provide technical, economic and assessment studies and consultations and prepare feasibility studies for various investment activities and other studies, examining the technical, financial and administrative aspects related to these activities for its account or for the account of third parties inside or outside the State of Kuwait.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Establish and manage the collective investment systems and local and foreign investment funds of all kinds and contribute to their establishment for the account of the company and for the account of third parties in accordance with the regulating laws, rules and conditions specified by the competent regulatory authorities; put its stakes or units to subscription so that the company's contributions to the share capital of the collective investment system or the investment fund shall not be less than the minimum limit specified by the regulatory authorities; sell or purchase stakes or units in the local or foreign collective investment systems or investment funds for its account and for the account of third parties or market same, provided the necessary approvals are obtained from the competent regulatory authorities; act as investment custodian, investment monitor and investment advisor in general for the investment funds inside or outside the State of Kuwait in accordance with the regulating laws.
- Invest funds for its account and for the account of third parties in the various aspects of investment inside or outside the State of Kuwait and acquire movable and immovable assets.
- Act as the issuance manager for the securities issued by the local and foreign government and private companies, institutions and bodies and act as the subscription agent, listing advisor, investment custodian and monitor, including publications management and commitments of subscription operations management, receiving applications and covering subscription thereto.
- Perform all advisory services that help develop and strengthen the ability of financial and monetary market in the State of Kuwait and meet its requirements within the limits of the law and the decisions or instructions issued by the competent regulatory authorities (after obtaining the necessary approvals from those authorities), provided this does not result in granting funding by the company in any way.
- Mediate in financing operations, structure and manage the financing arrangements of the local and international companies, institutions, bodies and projects in the various economic sectors in accordance with the rules and conditions specified by the competent regulatory authorities.
- Carry out all the works related to the activities for the arrangement and management of consolidation, acquisition and separation operations for the local and foreign government and private companies, institutions and bodies.
- Trade in transportation means and related heavy equipment.
- Finance the purchases of capital goods, durable and non-durable goods.
- Lease capital and durable goods.
- Grant short and medium term loans to natural and judicial persons.
- Perform real estate investment operations aiming at the management and development of residential lands and building of residential and commercial units and complexes for the purpose of selling them in cash or on installments or leasing same.
- Manage all kinds of financial portfolios, invest and develop funds by employing them locally and internationally for the account of the company or for the account of its clients, in addition to lending and borrowing operations.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Mediate in the operations of lending, borrowing, brokerage and warranties against commission or pay.
- Finance and mediate in international and local trade operations.
- Manage and create mutual investment funds according to the law and after approval by the competent authorities.
- Mediate in investment in the international instruments and securities.
- Invest in real estate, industrial and agricultural sectors and other economic sectors, whether directly or through contribution to the incorporation of specialized companies or purchase of the shares of these companies.
- Sell and purchase foreign currencies and trade in precious metals only for the account of the company.
- Conduct researches and studies for private and public real estate projects and for the employment of funds for its account or for the account of third parties.
- Trade in securities such as shares and investment certificates and the like.

The company may have an interest or participate in any aspect with the companies, institutions and bodies performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The company may also open branches inside and outside the State of Kuwait in such a way that does not contradict with the company's law and the instructions of the competent regulatory authorities.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 which cancelled Law No. 25 of 2012 and its amendments thereto, as stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012 and the executive regulations of Law No. 25 of 2012 will remain effective pending the issuance of the new executive regulations.

At 31 March 2016, the parent company has not complied with the requirement of the Companies Law relating to the separation of the powers between the chief executive officer and the chairman. The parent company will hold a board of directors meeting to comply with this requirement.

The address of the parent company's registered office is PO Box 26442, Safat 13125, State of Kuwait.

The parent company's board of directors approved this interim condensed consolidated financial information for issue on 1 May 2016.

2 Basis of presentation

The interim condensed consolidated financial information of the group for the three-month period ended 31 March 2016 has been prepared in accordance with IAS 34, "Interim Financial Reporting", except for regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK) as noted below.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision. The impairment provision for loans and advances complies in all material respects with the specific provision requirements of the CBK and IFRS. According to the CBK requirements the basis of making general provisions on facilities at the rate of 1% for cash facilities and 0.5% for non cash facilities.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in preparation of audited consolidated financial statements for the year ended 31 December 2015, except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is the functional currency of the parent company.

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the interim period are not indicative of the results that may be expected for the year ending 31 December 2016. For further details, refer to the consolidated financial statements and their related disclosures for the year ended 31 December 2015.

3 Changes in accounting policies

3.1 New and amended standards adopted by the group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2016. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments	1 January 2016
IAS 1 Disclosure Initiative - Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - Amendments	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments

Amendments to IFRS 11 Joint Arrangements require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. It also requires disclosure of the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations.

IAS 1 Disclosure Initiative – Amendments

The Amendments to IAS 1 make the following changes:

- *Materiality*: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- *Statement of financial position and statement of profit or loss and other comprehensive income*: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

IAS 1 Disclosure Initiative – Amendments (continued)

- *Notes:* The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets address the following matters:

- a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is generally inappropriate except for limited circumstances
- expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 27 Equity Method in Separate Financial Statements - Amendments

The Amendments to IAS 27 Separate Financial Statements permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

IFRS 10, IFRS 12 and IAS 28 'Investment Entities: Applying the Consolidation Exception - Amendments

The Amendments are aimed at clarifying the following aspects:

- *Exemption from preparing consolidated financial statements.* The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- *A subsidiary providing services that relate to the parent's investment activities.* A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- *Application of the equity method by a non-investment entity investor to an investment entity investee.* When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- *Disclosures required.* An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

Annual Improvements to IFRSs 2012–2014 Cycle

(i) *Amendments to IFRS 5* - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued

(ii) *Amendments to IFRS 7* - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements

(iii) *Amendments to IAS 19* - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid

(iv) *Amendments to IAS 34* - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this consolidated interim financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's financial statements.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 12 Income Taxes - Amendments	1 January 2017
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments

The Amendments to IAS 12 make the following changes:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed
- an expected credit loss-based impairment will need to be recognised on the group's trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the group makes an irrevocable designation to present them in other comprehensive income. This will affect the group's investment amounting to KD37,274,609 (see note 9) if still held on 1 January 2018
- if the group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the group's own credit risk.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 "Revenues", IAS 11 "Construction Contract" and several revenue – related Interpretations and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard includes important guidance, such as

- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- timing – whether revenue is required to be recognized over time or at a single point in time
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue
- time value – when to adjust a contract price for a financing component

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

- specific issues, including –
 - o non-cash consideration and asset exchanges
 - o contract costs
 - o rights of return and other customer options
 - o supplier repurchase options
 - o warranties
 - o principal versus agent
 - o licencing
 - o breakage
 - o non-refundable upfront fees, and
 - o consignment and bill-and-hold arrangements.

IFRS 16 Leases

The new Standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property and high value equipment. For many other businesses, however, exemptions for short-term leases and leases of low value assets will reduce the impact.

4 Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2015.

5 Basic and diluted earnings per share attributable to the shareholders of the parent company

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the period less treasury shares.

Notes to the interim condensed consolidated financial information (continued)

5 Basic and diluted earnings per share attributable to the shareholders of the parent company (continued)

The parent company had no outstanding dilutive shares.

	Three months ended 31 March 2016 (Unaudited)	Three months ended 31 March 2015 (Unaudited)
Profit for the period attributable to the shareholders of the parent company – KD	631,806	1,551,456
Weighted average number of shares outstanding during the period (excluding treasury shares)	796,798,664	796,849,164
Basic and diluted earnings per share attributable to the shareholders of the parent company (Fils)	0.793	1.947

6 Cash and cash equivalents

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Cash and bank balances	4,625,522	3,755,890	3,276,805
Term deposits – 1 to 3 months	2,818,199	3,551,750	3,203,349
	7,443,721	7,307,640	6,480,154

The term deposits carry effective interest rate of 1.35% (31 December 2015: 1.35% and 31 March 2015: 1.75%) per annum.

7 Instalment credit debtors

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Gross instalment credit debtors	16,219,547	16,725,069	19,153,546
Deferred income	(1,673,535)	(1,649,111)	(1,855,766)
Specific provision for doubtful debts	14,546,012	15,075,958	17,297,780
General provision for doubtful debts	(1,393,750)	(1,361,267)	(813,971)
	(221,886)	(219,950)	(244,793)
	12,930,376	13,494,741	16,239,016

Gross instalment credit debtors are due as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Within one year	7,519,069	7,944,698	10,011,483
More than a year	8,700,478	8,780,371	9,142,063
	16,219,547	16,725,069	19,153,546

Notes to the interim condensed consolidated financial information (continued)

7 Instalment credit debtors (continued)

The effective annual interest rate earned on instalment credit debtors ranged from 2.5% to 8% per annum (31 December 2015: 2.5% to 8% and 31 March 2015: 2.5% to 8%).

The provision for doubtful debts is in agreement, in all material respect, with the specific provision requirements of the Central Bank of Kuwait and IFRS. Furthermore, a general provision of 1% on instalment credit balances, where no specific provision is made, is taken in accordance with the instructions of the Central Bank of Kuwait.

Included within the gross installment credit debtors is an amount of KD314,685 (31 December 2015: KD309,996 and 31 March 2015: KD1,161,366) in respect of related parties (note 18). This amount is secured by way of pledge of certain local and foreign shares.

8 Investments at fair value through profit or loss

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Local quoted shares	725,440	1,763,523	2,174,188
Foreign quoted shares	63,863	69,040	73,348
Investment in managed portfolios	5,375,344	4,887,711	5,243,313
	6,164,647	6,720,274	7,490,849

An investment portfolio with a carrying value of KD4,414,925 (31 December 2015: KD4,887,711 and 31 March 2015: KD5,243,313) is pledged against term loans (note 12).

9 Available for sale investments

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Local quoted shares	5,624,338	26,030,807	27,894,153
Local unquoted shares	8,926,156	8,926,157	10,497,873
Foreign unquoted shares	48,374,041	44,346,229	37,324,150
Investment in managed portfolios	30,888,161	12,003,303	13,884,767
Investment funds	259,972	266,633	328,540
	94,072,668	91,573,129	89,929,483

The unquoted investments include investments with a carrying value of KD37,274,609 (31 December 2015: KD33,246,800 and 31 March 2015: KD27,572,369) stated at cost due to unavailability of reliable sources to determine their fair values. Management studies and cash flow expectations for these investments do not indicate any impairment for these investments.

Quoted and unquoted local shares and investment in managed portfolios with an aggregate carrying value of KD24,706,811 (31 December 2015: KD24,893,195 and 31 March 2015: KD28,623,674) are pledged against due to banks, term loans and murabaha payable (notes 11, 12 and 13).

Notes to the interim condensed consolidated financial information (continued)

10 Investment in associates

Below is the movement in the investment in associates during the period/year:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
At 1 January	50,604,203	53,143,043	53,143,043
Disposals	-	(2,600,000)	(2,600,000)
Share of results	763,008	1,377,871	379,802
Reduction of an associate's capital	(92,016)	(340,357)	(81,794)
Dividends from associates	(452,586)	(1,596,731)	(386,405)
Foreign currency translation of foreign associates	(83,229)	620,377	(456,907)
	50,739,380	50,604,203	49,997,739

Investment in associate with a carrying value of KD16,903,077 (31 December 2015: KD16,564,918 and 31 March 2015: KD16,249,250) is pledged against term loans (note 12).

11 Due to banks

This represents credit facilities granted to the group from local and foreign banks in the form of overdraft facilities. The credit facilities carry interest rate of 2.35%-3.90% per annum (31 December 2015: 2.35%-3.90% per annum and 31 March 2015: 4.5% per annum) and payable on demand. Credit facilities are granted against pledge of certain available for sale investments (note 9).

12 Term loans

Term loans are repayable to local and foreign banks in different periods and bear interest at annual rates ranging from 4.75% to 5.25% (31 December 2015: 4.75% to 5.25% and 31 March 2015: 4.5% to 5.5%).

Loans are repayable as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Within one year	4,460,000	4,290,000	8,890,000
After one year	8,900,000	8,480,000	2,260,000
	13,360,000	12,770,000	11,150,000

Loans are secured by the pledge of investments at fair value through profit or loss, available for sale investments and investment in associates (notes 8, 9 and 10) and payable in various instalments ending in June 2020.

13 Murabaha payable

This represents Islamic financing obtained from financial institutions, carrying an effective profit rate of 3% to 5.25% (31 December 2015: 3% to 5.25% and 31 March 2015: 5.00%). This financing is secured by way of mortgage of certain available for sale investments (note 9), investment properties and property and equipment and payable in various instalments ending in June 2020.

Notes to the interim condensed consolidated financial information (continued)

13 Murabaha payable (continued)

Murabaha payable is due as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Within one year	3,214,640	2,770,320	5,200,000
After one year	6,684,495	8,053,218	-
	9,899,135	10,823,538	5,200,000

14 Treasury shares

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Number of treasury shares	6,083,892	6,083,892	6,033,392
Percentage of ownership	0.758%	0.758%	0.751%
Market value (KD)	186,601	234,230	271,502
Cost (KD)	559,233	559,233	557,080

Reserves of the parent company equivalent to the cost of the treasury shares have been earmarked as non-distributable, and the treasury shares are not secured.

15 Annual general assembly

The Annual General Assembly of the parent company for the year ended 31 December 2015 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2015 have not yet been approved. The interim condensed consolidated financial information for the three-month period ended 31 March 2016 does not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2015.

The directors of the parent company did not propose dividends for the year ended 31 December 2015.

Also, the directors proposed to write off accumulated losses of KD4,090,547 as at 31 December 2015 by using legal reserve of KD375,497, voluntary reserve of KD375,497 and share premium of KD3,339,553. This proposal is subject to the approval of the annual general assembly and concerned regulatory authorities.

16 Fiduciary accounts

Investment portfolios managed by the group and assets held in trust or in a fiduciary capacity and related liabilities are not treated as the group's assets or liabilities and accordingly are not included in the interim condensed consolidated financial position. Total fiduciary assets as at the financial position date were KD3,561,651 (31 December 2015: KD3,646,123 and 31 March 2015: KD3,822,361).

17 Segmental information

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to group profit or loss. The measurement policies the group used for segment reporting under IFRS 8 are the same as those used in its annual audited consolidated financial statements.

Notes to the interim condensed consolidated financial information (continued)

17 Segmental information (continued)

The group's principal trading activities are carried out within the State of Kuwait and all of the group's assets and liabilities are located in Kuwait in addition to GCC, Middle East and other countries. The group operates in four business segments; instalment credit, investments, financial brokerage and real estate. The segmental analysis of total revenues, profit for the period, total assets and total liabilities for the business segments are as follows:

	Instalment credit KD	Investments KD	Financial brokerage KD	Real estate KD	Total KD
Three months ended 31 March 2016					
Total revenues	666,158	2,000,900	7,095	79,168	2,753,321
(Loss)/profit for the period	(206,862)	1,522,504	(210,576)	64,151	1,169,216
As at 31 March 2016					
Total assets	20,412,472	142,721,749	14,623,948	9,840,419	187,598,588
Total liabilities	11,205,303	21,980,214	1,467,694	-	34,653,211
Net assets	9,207,169	120,741,535	13,156,254	9,840,419	152,945,377
Three months ended 31 March 2015					
Total revenues	1,049,910	2,204,845	103,613	44,987	3,403,355
Profit/(loss) for the period	423,703	1,202,190	(66,195)	29,490	1,589,188
As at 31 March 2015					
Total assets	23,740,352	138,786,413	15,950,453	8,145,903	186,623,121
Total liabilities	18,438,004	7,351,411	2,891,675	-	28,681,090
Net assets	5,302,348	131,435,002	13,058,778	8,145,903	157,942,031

18 Related party balances and transactions

Related parties represent associates, major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management. Transactions between the parent company and its subsidiaries which are related parties of the parent company have been eliminated on consolidation and are not disclosed in this note.

Details of significant related party balances and transactions are as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Instalment credit debtors-gross (note 7)	314,685	309,996	1,161,366
Due from related parties	741,882	676,801	863,562
Due to shareholders (included in accounts payable and other liabilities)	213,065	224,030	224,030
Due to related parties	209,331	295,257	378,571

Notes to the interim condensed consolidated financial information (continued)

18 Related party balances and transactions (continued)

	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
Interim condensed consolidated statement of profit or loss		
Income from instalment credit debtors	19,239	16,493
<i>Key management compensation:</i>		
Salaries and other short term benefits	157,893	114,578
End of service benefits	10,204	9,300

19 Fair value measurement

19.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of the group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position are as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Financial assets:			
<i>Loans and receivables at amortised cost:</i>			
Cash and cash equivalents	7,443,721	7,307,640	6,480,154
Instalment credit debtors	12,930,376	13,494,741	16,239,016
Accounts receivable and other assets	4,860,505	6,780,171	4,168,148
Due from related parties	741,882	676,801	863,562
<i>Investments at fair value through profit or loss:</i>			
Investments at fair value through profit or loss – at fair value	6,164,647	6,720,274	7,490,849
<i>Available for sale investments:</i>			
Available for sale investments – at fair value	56,798,059	58,326,329	62,357,114
Available for sale investments – at cost	37,274,609	33,246,800	27,572,369
Total	126,213,799	126,552,756	125,171,212

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.1 Fair value hierarchy (continued)

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Due to banks	2,936,541	1,661,901	3,593,453
Accounts payable and other liabilities	7,445,608	7,814,601	7,617,811
Due to related parties	209,331	295,257	378,571
Term loans	13,360,000	12,770,000	11,150,000
Murabaha payable	9,899,135	10,823,538	5,200,000
Provision for employees' end of service benefits	802,596	805,014	741,255
Total	34,653,211	34,170,311	28,681,090

Management considers that the carrying amounts of loans and receivable and all financial liabilities, which are stated at amortised cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 March 2016 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<i>Investments at fair value through profit or loss:</i>				
Local quoted shares	725,440	-	-	725,440
Foreign quoted shares	63,863	-	-	63,863
Investment in managed portfolios	5,375,344	-	-	5,375,344
<i>Available for sale investments:</i>				
Local quoted shares	5,624,338	-	-	5,624,338
Local unquoted shares	-	-	8,304,202	8,304,202
Foreign unquoted shares	-	-	11,721,386	11,721,386
Investment in managed portfolios	20,297,161	-	10,591,000	30,888,161
Investment funds	-	259,972	-	259,972
	32,086,146	259,972	30,616,588	62,962,706

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments

31 December 2015 (Audited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Investments at fair value through profit or loss:				
Local quoted shares	1,763,523	-	-	1,763,523
Foreign quoted shares	69,040	-	-	69,040
Investment in managed portfolios	4,887,711	-	-	4,887,711
Available for sale investments:				
Local quoted shares	26,030,807	-	-	26,030,807
Local unquoted shares	-	-	8,304,201	8,304,201
Foreign unquoted shares	-	-	11,721,385	11,721,385
Investment in managed portfolios	1,412,303	-	10,591,000	12,003,303
Investment funds	-	266,633	-	266,633
	34,163,384	266,633	30,616,586	65,046,603

31 March 2015 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Investments at fair value through profit or loss:				
Local quoted shares	2,174,188	-	-	2,174,188
Foreign quoted shares	73,348	-	-	73,348
Investment in managed portfolios	5,243,313	-	-	5,243,313
Available for sale investments:				
Local quoted shares	27,894,153	-	-	27,894,153
Local unquoted shares	-	-	9,778,422	9,778,422
Foreign unquoted shares	-	-	10,471,232	10,471,232
Investment in managed portfolios	1,549,367	-	12,335,400	13,884,767
Investment funds	-	328,540	-	328,540
	36,934,369	328,540	32,585,054	69,847,963

There have been no transfers between levels during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted securities

All the listed equity securities are publicly traded on a recognized stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

b) Managed funds

The underlying investments of managed funds primarily comprise of quoted and unquoted securities. The fair value of the quoted underlying securities has been determined by reference to their quoted bid prices at the reporting date. The fair value of the unquoted underlying securities has been determined using valuation techniques that are normally used by fund managers. All significant inputs into the model are based on observable market prices

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments

Measurement at fair value (continued)

c) Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, and market multiples which include some assumptions that are not supportable by observable market prices or rates or the latest financial statements or information available on these investments the future financial flows of which are unpredictable.

Level 3 fair value measurement

The group's financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Opening Balance	30,616,588	33,290,422	33,290,422
- Change in fair value	-	(2,389,810)	-
- Purchases	-	(705,360)	-
- Sale	-	421,334	(705,368)
Closing balance	30,616,588	30,616,586	32,585,054

Gains or losses recognized in the interim condensed consolidated statement of profit or loss for the period/year are included in change in fair value of investments at fair value through profit or loss.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the consolidated statement of profit or loss, total assets, total liabilities or total equity.

The impact on interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

20 Financial risk management

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2015.

21 Change in the group's ownership interest in subsidiary

During the period, the group participated in the capital call to increase the share capital of Hilltop 5 UK Limited. Since the other shareholders did not participate in the increase of the share capital of the investee, the ownership interest of the group increased from 30.89% to 32.76%. This change in ownership resulted in a profit of KD23,655 and is recognised in the shareholders' equity.